



General Assembly

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Amendment

LCO No. 9103

HB0722309103HDO

Offered by:

REP. NARDELLO, 89th Dist.
REP. MEGNA, 97th Dist.
REP. MUSHINSKY, 85th Dist.
REP. MIOLI, 136th Dist.
REP. MCCLUSKEY, 20th Dist.
REP. ZALASKI, 81st Dist.
REP. DREW, 132nd Dist.
REP. TERCYAK, 26th Dist.
REP. TALLARITA, 58th Dist.

REP. HAMM, 34th Dist.
REP. HENNESSY, 127th Dist.
REP. O'BRIEN, 24th Dist.
REP. URBAN, 43rd Dist.
REP. TABORSAK, 109th Dist.
REP. PAWELKIEWICZ, 49th Dist.
REP. WILLIS, 64th Dist.
REP. O'ROURKE, 32nd Dist.
REP. THOMPSON, 13th Dist.

To: Subst. House Bill No. 7223

File No. 841

Cal. No. 208

**"AN ACT CONCERNING BUSINESS AND ENERGY
INDEPENDENCE DISTRICTS AND SPECIAL SERVICES
DISTRICTS."**

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. (*Effective July 1, 2007*) On or before September 1, 2007, the
4 Department of Public Utility Control shall initiate an uncontested
5 proceeding to evaluate whether and how customers benefit from
6 residential retail competition with regard to services and products
7 offered by electric, community antenna television and
8 telecommunications companies. Such evaluation shall include, but not

9 be limited to, an analysis of the needs of customers and how best to
10 meet those needs, the reliability of any pertinent systems or
11 infrastructures and rates, revenues and profits of such companies. The
12 department shall report the findings of such evaluation to the joint
13 standing committee of the General Assembly having cognizance of
14 matters relating to energy and technology on or before February 1,
15 2008.

16 Sec. 502. (NEW) (*Effective from passage and applicable to profits*
17 *generated on or after January 1, 2007*) (a) For the income years
18 commencing January 1, 2007, January 1, 2008, and January 1, 2009,
19 each company that owns an electric generating unit located in the state
20 that uses uranium or coal as a fuel source, including any affiliates or
21 subsidiaries of such company, whether those affiliates or subsidiaries
22 are located within the state or outside the state, shall pay a quarterly
23 tax of fifty per cent upon windfall profits, as described in subsections
24 (b) and (c) of this section, from the generation, manufacture, sale or
25 other disposition of the electricity output, capacity payments or other
26 rights to payment based on electricity operations of such electric
27 generating unit located in the state.

28 (b) Windfall profits of a company shall include all net electric
29 revenue received by the electric generation unit described in
30 subsection (a) of this section, including, but not limited to, net revenue
31 from the generation, manufacture, sale or other disposition of the
32 electricity output, capacity payments and other net revenue in excess
33 of twenty per cent return on the company's equity in the unit, as
34 classified by the Federal Energy Regulatory Commission according to
35 the uniform systems of accounts prescribed in 18 CFR Part 101,
36 accounted for as if the company owning such an electric generating
37 unit located in the state and any of its affiliates or subsidiaries
38 maintained their books and records according to such uniform system
39 of accounts, for operations within the taxable quarter.

40 (c) (1) Revenue from the generation, manufacture, sale or other
41 disposition of the electricity output and electric capacity and other

42 revenue from the electricity operations of an electric generating unit
43 described in subsection (a) of this section that is received by any
44 affiliate or subsidiary of a company that owns such electric generating
45 unit, whether or not such affiliate or subsidiary is located in the state,
46 shall be attributed to the revenue of the company that owns the electric
47 generating unit located in the state as if other disposition of electricity
48 or rights to electricity by such affiliate or such revenue was received
49 directly by such company.

50 (2) In calculating earnings subject to the windfall profits tax,
51 revenue from such company and such affiliates or subsidiaries
52 attributed to an electric generating unit described in subsection (a) of
53 this section located in the state shall be reduced by the reasonable
54 operating expenses of such company and affiliate or subsidiary
55 properly allocated to the electric generating unit and is to be
56 determined as if the affiliate or subsidiary were subject to the uniform
57 system of accounts prescribed by the Federal Energy Regulatory
58 Commission in 18 CFR Part 101 for regulated entities.

59 (d) Each company that owns an electric generating unit located in
60 the state as described in subsection (a) of this section shall, on or before
61 the last day of January, April, July and October of each year, render to
62 the Commissioner of Revenue Services a return on forms prescribed or
63 furnished by the commissioner and signed by its treasurer or the
64 person performing the duties of treasurer, or by an authorized agent or
65 officer, specifying (1) the name and location of such company or
66 affiliate or subsidiary of such company, (2) the amount of all revenue
67 derived from the generation, manufacture, sale or other disposition of
68 the electricity output, capacity payments and other rights to payment
69 based on electricity operations of such electric generating unit received
70 by such company or any of its affiliates or subsidiaries and the amount
71 of reasonable operating expenses for the quarter ending on the last day
72 of the preceding month, (3) the return on equity from the generation,
73 manufacture, sale or other disposition of electricity or rights to
74 electricity, (4) the earnings in excess of a twenty per cent return on
75 equity from the generation, manufacture or sale of electricity or the

76 rights to electricity, (5) the tax due to the state on the windfall profits,
77 and (6) the percentage of their electric output that is being used to
78 meet the power requirements of customers under standard service or
79 supplier of last resort service.

80 (e) Each such company shall pay a quarterly tax upon its windfall
81 profits in each calendar quarter at the rate of fifty per cent.

82 (f) The tax imposed by this chapter is due and payable to the
83 Commissioner of Revenue Services quarterly on or before the last day
84 of the month next succeeding each calendar quarter.

85 Sec. 503. (NEW) (*Effective from passage*) (a) There is established an
86 account to be known as the "electricity ratepayers relief account" which
87 shall be a separate, nonlapsing account of the General Fund. The
88 proceeds of the tax imposed pursuant to section 502 of this act shall be
89 deposited into the account. Investment earnings credited to the assets
90 of the account shall become part of the assets of the account. Any
91 balance remaining in said account at the end of any fiscal year shall be
92 carried forward in said account for the fiscal year next succeeding.

93 (b) The Department of Public Utility Control shall conduct a
94 contested case proceeding in accordance with the provisions of chapter
95 54 of the general statutes to disburse funds from the electricity
96 ratepayers relief account in a manner to directly reduce electricity
97 ratepayers' electric bills.

98 Sec. 504. (NEW) (*Effective from passage*) The tax imposed pursuant to
99 section 502 of this act and the related reporting requirements shall not
100 apply to electric generation units that are selling at least fifty per cent
101 of their electric output to an electric distribution company in this state
102 to meet the power requirements of customers under standard service
103 or supplier of last resort service."